

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 AID-05 CIAE-00 COME-00
EB-08 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04
OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 DODE-00
PM-04 H-02 L-03 NSC-05 PA-02 PRS-01 SS-15 CEA-01
STR-04 /119 W

-----172038 082952 /42

R 172004Z FEB 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 0777
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION EC BRUSSELS
USMISSION OECD PARIS
USDEL MTN GENEVA

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PASS AGRICULTURE

E.O. 11652: N/A
TAGS: EAGR EEC
SUBJECT: HOUSE OF COMMONS ACCLAIMS UK STAND AT EC
AGRICULTURE MINISTERS' MEETING, FEBRUARY 14-15

BEGIN SUMMARY: UK AGRICULTURE MINISTER JOHN SILKIN
REPORTED TO HOUSE OF COMMONS HMG'S OPPOSITION TO
PROPOSED EC FARM PRICE INCREASE AND GREEN POUND DEVALUA-
TION. COMMONS' REACTION WAS A RARE UNANIMITY OF PRAISE
FOR UK STANCE. END SUMMARY

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1. UK MINISTER OF AGRICULTURE JOHN SILKIN REPORTED TO
HOUSE OF COMMONS ON FEBRUARY 16 ON HMG'S OPPOSITION TO
EC PROPOSALS TO RAISE PRICES BY 3 PERCENT AND TO
DEVALUE GREEN POUND IN ORDER TO BRING ABOUT 8 POINT CUT
IN MCA'S. SILKIN EXPLAINED HOW HIS DEPUTY, GAVIN STRANG,
HAD SAID ANY SETTLEMENT MUST KEEP FOOD PRICES UNDER
RESTRAINT AND HELP TO REDUCE CAP COMMODITY SURPLUSES.

HE SAID "WE FOUND IT HARD TO JUSTIFY ANY PRICE INCREASE FOR PRODUCTS IN STRUCTURAL SURPLUS, IN PARTICULAR MILK." SILKIN TOLD THE HOUSE STRANG HAD MADE IT CLEAR THAT THE OVERALL NATIONAL INTEREST WOULD DECIDE THE GREEN POUND QUESTION.

2. IN A RARE ATMOSPHERE OF UNANIMOUS APPROBATION ON HMG BRUSSELS STANCE, MP'S FROM BOTH MAJOR PARTIES PRAISED THE STATEMENT. EVEN JOHN PEYTON, SHADOW AGRICULTURE MIRISTER, WELCOMED SILKIN'S REMARKS. LEADING LABOUR ANTI-MARKETEER DOUGLAS JAY URGED CONTINUED RESISTANCE TO GREEN POUND DEVALUATION UNTIL A REFORMED CAP LOWERED PRICES. OTHER LABOUR MP'S THANKED SILKIN FOR LOOKING AFTER UK NATIORAL INTEREST.

3. REPLYING, SILKIN SAID "THERE IS NOTHING MYSTICAL ABOUT THE GREEN QOUND.....BUT SINCE IT EXISTS IT HAS TO BE USED IN THE NATIONAL INTEREST.
I BELIEVE WE HAVE A STRONG POSITION AS FAR AS THE GREEN POUND IS CONCERNED. THIS IS A NEGOTIABLE INSTRUMENT. I WANT TO SEE WHAT I AM OFFERED FOR IT."

4. COMMENT: ALMOST ALL MP'S AND OTHER INFLUENTIAL PEOPLE IN UK APPEAR NOW TO HAVE COME ROUND TO SILKIN'S VIEW THAT GREEN POUND MISALIGNMENT IS A NEVER-TO-BE-REPEATED OPPORTUNITY FOR BRINGING ABOUT RE-APPRAISAL OF CAP. UK NFU IS BECOMING INCREASINGLY ISOLATED IN ITS CONTINUED CAMPAIGN FOR GREEN POUND DEVALUATION AND HIGHER CAP PRICES. INFLATIONARY DANGERS AND CONSEQUENT THREATS
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TO FORTHCOMING ROUND OF WAGE RESTRAINT NEGOTIATIONS POSED BY EVEN MODEST DEVALUATION AND CAP PRICE INCREASES ARE SEEN ALMOST UNIVERSALLY HERE AS THE MAJOR CONCERN.

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5. TIMES EDITORIAL OF FEBRUARY 17 GIVES GOOD SUMMARY OF PRESENT BRITISH ATTITUDE SHARED ACROSS BROAD SPECTRUM OF POLITICS. "THE DESIRE OF BRITAIN'S PARTNERS IN THE EEC TO SEE A DEVALUATION OF THE GREEN POUND IS -UNDERSTANDABLE, BUT IT OUGHT TO BE RESISTED FOR THE MOMENT.....THE PRACTICAL ARGUMENTS FOR CONTINUING TO RESIST A DEVALUATION OUTWEIGH THE INTELLECTUAL INCONSISTENCIES..... THE UK IS IN THE MIDST OF A BATTLE AGAINST INFLATION WHICH IS OF VITAL CONCERN TO EVERY COMMUNITY COUNTRY....EVER SINCE THE CAP WAS FORMULATED, ITS DEFECTS HAVE BEEN APPARENT TO ALL INFORMED COMMENTATORS. IT UNCLASSIFIED

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ENCOURAGES THE BUILD-UP OF SURPLUS PRODUCTION, IT HAS FAILED TO GIVE SUFFICIENT IMPETUS TO THE MUCH-NEEDED REFORM OF THE STRUCTURE OF FARMING IN EUROPE AND IT HAS NOT ACHIEVED ITS SOCIAL GOAL OF GUARANTEEING A HIGH STANDARD OF LIVING TO SMALL FARMERS.....THERE HAS NOT BEEN THE KIND OF CONCRETE ACTION NEEDED TO BRING ABOUT CHANGES.....THE EXISTENCE OF THE ABSURDITIES OF THE PRESENT SYSTEM OF CURRENCY ARRANGEMENTS DOES PROVIDE THOSE IN FAVOUR OF REFORM WITH BOTH A BARGAINING COUNTER AND AN INTELLECTUAL FRAMEWORK FOR ARGUING THEIR CASE.....THE 500 MILLION POUND OR SO WHICH WE RECEIVE EACH YEAR OUGHT TO BE A WARNING TO SOME OF OUR PARTNERS THAT THE POLICY IS NOW SO MUCH OF A

LOTTERY THAT IT IS INCREASINGLY DIFFICULT TO BE SURE WHO WILL END UP NET BENEFICIARIES. IF WE ARE TO GIVE UP THIS COMPENSATION WE OUGHT TO GET SOMETHING IN RETURN."

6. THE TIMES LEADER FINISHES "THE CREATION OF THE CAP WAS A MILESTONE IN THE BUILDING OF THE EEC; ITS REFORM WILL BE ANOTHER. THAT REFORM WILL BE BROUGHT CLOSER BY THE BRITISH GOVERNMENT STANDING FIRM ON THE PARITY OF THE GREEN POUND.

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Message Attributes

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